

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2005-349-G - ORDER NO. 2005-671  
NOVEMBER 14, 2005

IN RE: Application of Piedmont Natural Gas Company, Incorporated for Waiver of Commission Rule 103-440(5).	) ORDER APPROVING ) PARTIAL WAIVER AND ) MODIFICATION TO ) EQUAL PAYMENT ) PLAN
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This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of Piedmont Natural Gas Company, Inc. (Piedmont or the Company) for partial waiver of 26 S.C. Code Ann. Regs. 103-440(5) (1976) and modification of the Company's equal payment plan provisions.

Specifically, with regard to the requested waiver, Piedmont requests waiver of the requirement to utilize estimated annual bills as the basis for calculating monthly equal payment plan payments consistent with the expansion of its eligibility criteria for equal payment plan participation this winter as described below.

Piedmont states that, due to a number of factors beyond the control of this Commission and the South Carolina natural gas local distribution companies, consumers in this State will experience extraordinarily high wholesale commodity natural gas prices this winter. Piedmont notes that, while it maintains a number of practices and procedures designed to help mitigate the impact of wholesale price volatility and to assist customers who are having difficulty paying their bills, these measures do not appear adequate to

provide the necessary level of protection to low to moderate income customers served by Piedmont this winter. In particular, the very high natural gas prices anticipated this winter, according to Piedmont, create a significant risk that low to moderate income households (or those living on fixed incomes), that would normally be able to pay their monthly gas bills, may find themselves unable to do so this winter, resulting in a termination of service.

In order to mitigate this risk, Piedmont is requesting a waiver of the Commission's rules in order to modify the terms of its Equal Payment Plan (EPP) procedures in South Carolina to make it easier for customers who find themselves in arrears on their gas bills or who are having difficulty staying current, to elect to spread those bills out over time in order to avoid the risk of termination of service for non-payment this winter. The specific modifications that Piedmont proposes to implement to its Equal Payment Plan practices are as follows:

1. Customers who are in good standing as of November 1, 2005, and who fail or are unable to make full payment of amounts due for natural gas service rendered on or after November 1, 2005, shall be eligible to enroll in Piedmont's Equal Payment Plan.
2. The calculation of monthly amounts due under Piedmont's Equal Payment Plan shall include any past due balance and shall be generally calculated in conformance with Piedmont's existing plan provisions.
3. If elected by the customer, the EPP billing methodology provided hereunder shall remain in effect until October 1, 2006.

4. So long as customers who have elected to convert to the EPP provisions described herein make their monthly payment, their service will not be terminated this winter.
5. Under this plan, and based on a Benchmark Cost of Gas of \$13.00/dt, the average residential customer's monthly equal payment plan bill (without arrearages) should be in the range of \$100 to \$125 per month. This compares to projected January bills for an average residential customer in the range of \$250 to \$300 per month at a \$13.00 Benchmark Cost of Gas.

Piedmont states a belief that these modifications represent a substantial benefit to low to moderate income customers that might otherwise experience difficulty paying their natural gas bills this winter by allowing them to spread the costs (including past due balances) of winter heating service over the spring and summer of next year. In offering this mechanism, Piedmont is waiving the normal requirement that customers be current in their bills in order to be assigned to the Company's EPP. This means that customers who are in good standing on November 1, 2005, that experience difficulty paying their monthly bills this winter will have an additional option to maintain natural gas service by making reasonable monthly payments for that service.

Further, in addition, and pursuant to negotiations with the ORS, Piedmont is implementing a policy that no service terminations will occur if the forecasted average temperature for the next 48 hours is 32 degrees or below.

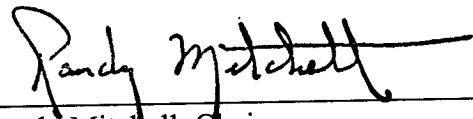
We would note that a Settlement Agreement was reached between Piedmont and the Office of Regulatory Staff (ORS). Under the Agreement, ORS agrees to the partial

waiver and the modified EPP plan with one exception. Piedmont and ORS now agree to the following language: “The calculation of monthly amounts due under Piedmont’s equal payment plan shall include any past due balance accumulated between November 1, 2005, and March 31, 2006, and shall be calculated in conformance with Piedmont’s existing plan provisions, except that monthly payments shall be based on a plan period ending September 30, 2006.” We approve the Settlement Agreement.

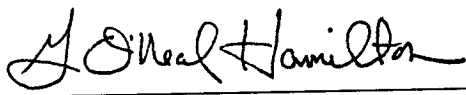
We approve the partial waiver of the regulation and the proposed modification to the Equal Payment Plan, with the additional modification as listed above. 26 S.C. Code Ann. Regs. 103-401 (3) (1976) states that in any case where compliance with any of these rules and regulations introduces unusual difficulty, such rules or regulations may be waived by the Commission upon a finding by the Commission that such waiver be in the public interest. Clearly, compliance with the regulation introduces unusual difficulty in the present instance and the waiver is certainly in the public interest. Only allowing the EPP utilizing the estimated total annual bill is not sufficient to adequately protect the consumer in this time of high gas prices. Piedmont’s proposal provides additional help to the public in keeping their gas service while allowing lower payments on the total bill to be made per billing period. We believe the proposal is certainly an aid to lower and middle income families who will otherwise have difficulty paying their gas bills. Both the partial waiver of the regulation and the modification to the EPP, as further modified by the parties, are approved.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
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Randy Mitchell, Chairman

ATTEST:

  
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G. O'Neal Hamilton, Vice-Chairman

(SEAL)